

Minneapolis Trends

A Quarterly Overview of Socioeconomic & Housing Trends in Minneapolis



fourth quarter 2013



City of Minneapolis
Department of Community Planning
& Economic Development - CPED

Vol. 12 No. 4

2013

Highlights for the fourth quarter of 2013

	4Q-13	change from	
		3Q-13	4Q-12
Labor force	218,076 residents	▼	▲
Residents employed	208,608	▲	▲
Unemployment rate	4.3%	▼	▼
New residential permitted units	890 units	▼	▼
Permitted residential conversions, remodels and additions	128 buildings	▼	▼
	\$ 102.8 million	▲	▲
Permitted non-residential conversions, remodels and additions	165 buildings	▼	▲
	\$ 61.0 million	▼	▲
Residential units demolished	80 units	▲	▲
Rental vacancy rate	2.5 %	▲	▲
Average rent in inflation-adjusted dollars	\$ 1,098	▲	▲
Residential units sold	974 units	▼	▲
	Traditional		
Lender-mediated	252 units	▼	▼
Median sale price of residential units	\$ 209,000	▼	▲
	Traditional		
Lender-mediated	\$ 98,250	▼	▼
Foreclosures	160	▼	▼
Condemned and vacant buildings	558	▼	▼
Minneapolis CBD office vacancy rate	16.3 %	▼	—
Minneapolis CBD retail vacancy rate	Data Not Available		

Highlights for the second quarter of 2013 – Jobs and wages

	1Q-13	4Q-12	1Q-12
Number of jobs	302,839 employees	▲	▲
Wages in inflation-adjusted dollars	\$ 1,206	▼	▲

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fourth quarter 2013

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Economic indicators

- Employment grew while the labor force declined this past quarter. The resulting unemployment rate is lower than the previous quarter at 4.3%. In comparison with the same quarter last year, over 3,200 more city residents were working.
- As of the second quarter 2013 there were 302,839 jobs in Minneapolis, an increase of nearly 6,000 jobs (2.0 percent) over the previous quarter, and 5,500 more (1.9 percent) than the same quarter of the previous year. Over the same 12-month period, the metro and state also added jobs, but at a slower pace of 1.7 and 1.5 percent respectively.
- Average inflation adjusted wages for second quarter 2013 were up 2.3 percent from the same period a year before. Inflation adjusted wages in the metro area fell 0.4 percent while rising 0.5 percent at the state level during the same period.

Labor force

During the fourth quarter 1,700 people (a 0.8 percent decrease) left the labor force, while 60 additional residents (a nominal increase) were working. As a result, the unemployment rate fell from 5.1 percent in the third quarter of 2013 to 4.3 percent in the fourth quarter of 2013.

The metro area experienced a decrease in the labor force and in employment. This resulted in a decrease in the unemployment rate of 4.8 percent down to 4.1 percent from the previous quarter.

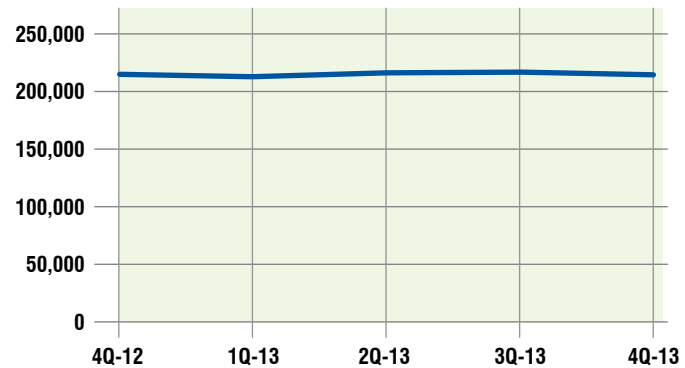
Table 1: **LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**
not seasonally adjusted

	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13
Minneapolis					
Labor Force	216,753	215,868	219,377	219,777	218,076
Employment	205,365	204,542	208,412	208,547	208,608
Unemployment rate	5.3%	5.2%	5.0%	5.1%	4.3%
Metro area					
Labor Force	1,623,066	1,620,025	1,641,577	1,641,111	1,629,810
Employment	1,540,779	1,532,804	1,561,805	1,562,813	1,561,940
Unemployment rate	5.1%	5.4%	4.9%	4.8%	4.1%

Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

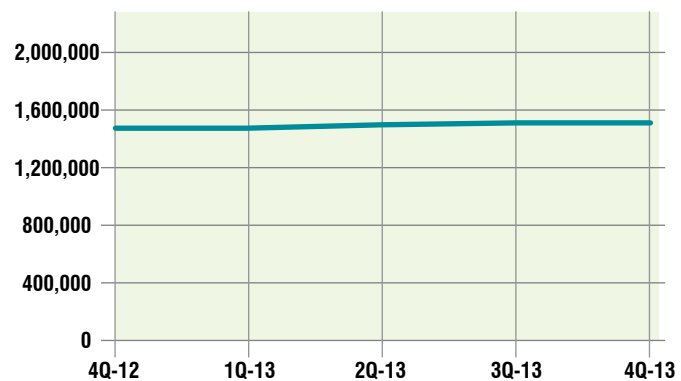
* For metro area definition, see [page 12](#).

Figure 1: **AVERAGE EMPLOYMENT** – Minneapolis
not seasonally adjusted



Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

Figure 2: **AVERAGE EMPLOYMENT** – Metro area*
not seasonally adjusted



Source: Minnesota Department of Employment and Economic Development (DEED)
– Labor Market Information

* For metro area definition, see [page 12](#)

Jobs

Table 2: **AVERAGE NUMBER OF JOBS BY INDUSTRY** – Minneapolis¹

	2Q-2012	3Q-2012	4Q-2012	1Q-2013	2Q-2013	Change from 2Q-12 - 2Q-13
Total, All Industries	297,296	299,306	301,044	296,999	302,839	5,543
Construction	5,375	5,869	5,407	5,061	5,490	115
Manufacturing	13,597	13,717	13,504	13,124	13,043	(554)
Utilities	2,841	2,856	2,803	2,844	2,879	38
Wholesale Trade	8,441	8,598	8,516	8,646	8,719	278
Retail Trade	15,039	14,827	14,542	13,845	15,102	63
Transportation and Warehousing	6,778	6,677	6,756	6,697	6,596	(182)
Information	10,496	10,556	10,682	9,363	9,264	(1,232)
Finance and Insurance	27,035	27,132	27,051	26,828	26,631	(404)
Real Estate and Rental and Leasing	9,154	9,304	9,305	9,389	9,297	143
Professional and Technical Services	32,393	32,761	33,006	33,244	33,441	1,048
Management of Companies and Enterprises	18,845	19,393	19,743	19,936	20,056	1,211
Administrative and Waste Services	15,973	16,278	15,955	13,802	14,718	(1,255)
Educational Services	30,331	28,836	31,380	31,373	31,406	1,075
Health Care and Social Assistance	49,572	50,358	51,671	52,434	53,433	3,861
Arts, Entertainment, and Recreation	5,437	5,304	4,638	4,798	5,385	(52)
Accommodation and Food Services	23,974	24,188	24,390	23,032	24,243	269
Other Services, Ex. Public Admin	9,944	9,672	9,735	9,410	9,739	(205)
Public Administration	11,786	12,716	11,769	11,767	11,928	142

Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment and Wages

¹ Natural resource-based industries and agriculture, fishing, and forestry employment are not shown in the table. Some industry numbers may not be disclosed because of privacy issues, so totals do not add up. Table reflects latest revision by Minnesota Department of Employment and Economic Development.

Jobs

As of second quarter 2013, the number of jobs located in Minneapolis was 302,839, a 2.0 percent decrease from the previous quarter. In comparison with the same quarter in 2012, the number of jobs increased by 1.9 percent (approximately 5,500 jobs).

Note that some of the increases or decreases of jobs in Table 2 are subject to seasonal variations. For example, construction grows during the spring and summer but drops in the winter.

12 month change – 2nd quarter 2012 to 2nd quarter 2013

Sectors which gained the most jobs:

- **Educational Services** grew by **1,075 jobs**, a **3.5 percent** increase.
- **Wholesale Trade** grew by **278 jobs**, a **3.3 percent** increase.
- **Management of Companies and Enterprises** grew by **1,211 jobs**, a **6.4 percent** increase.
- **Health Care and Social Assistance** grew by **3,861 jobs**, a **7.8 percent** increase.

Sectors which experienced greatest job losses:

- **Information** lost **1,232 jobs**, an **11.7 percent** decrease.
- **Manufacturing** lost **554 jobs**, a **4.1 percent** decrease.
- **Administrative and Waste Services** lost **1,255 jobs**, a **7.9 percent** decrease.

Quarter to quarter change – 4th quarter 2012 to 1st quarter 2013

Sectors which gained the most jobs:

- **Construction** grew by **429 jobs**, an **8.5 percent** increase.
- **Retail Trade** grew by **1,257 jobs**, a **9.1 percent** increase.
- **Arts, Entertainment, and Recreation** grew by **587 jobs**, a **12.2 percent** increase.

Sectors which experienced greatest job losses:

- **Transportation and Warehousing** lost **101 jobs**, a **1.5 percent** decrease.
- **Information** lost **99 jobs**, a **1.1 percent** decrease.
- **Finance and Insurance** lost **197 jobs**, a **0.7 percent** decrease.

As shown in Figure 3, the city, metro area, and state all gained jobs over the twelve-month period. The city's job base increased by 1.9 percent, more than the 1.7 and 1.5 percent increased experienced at the metro area and state level.

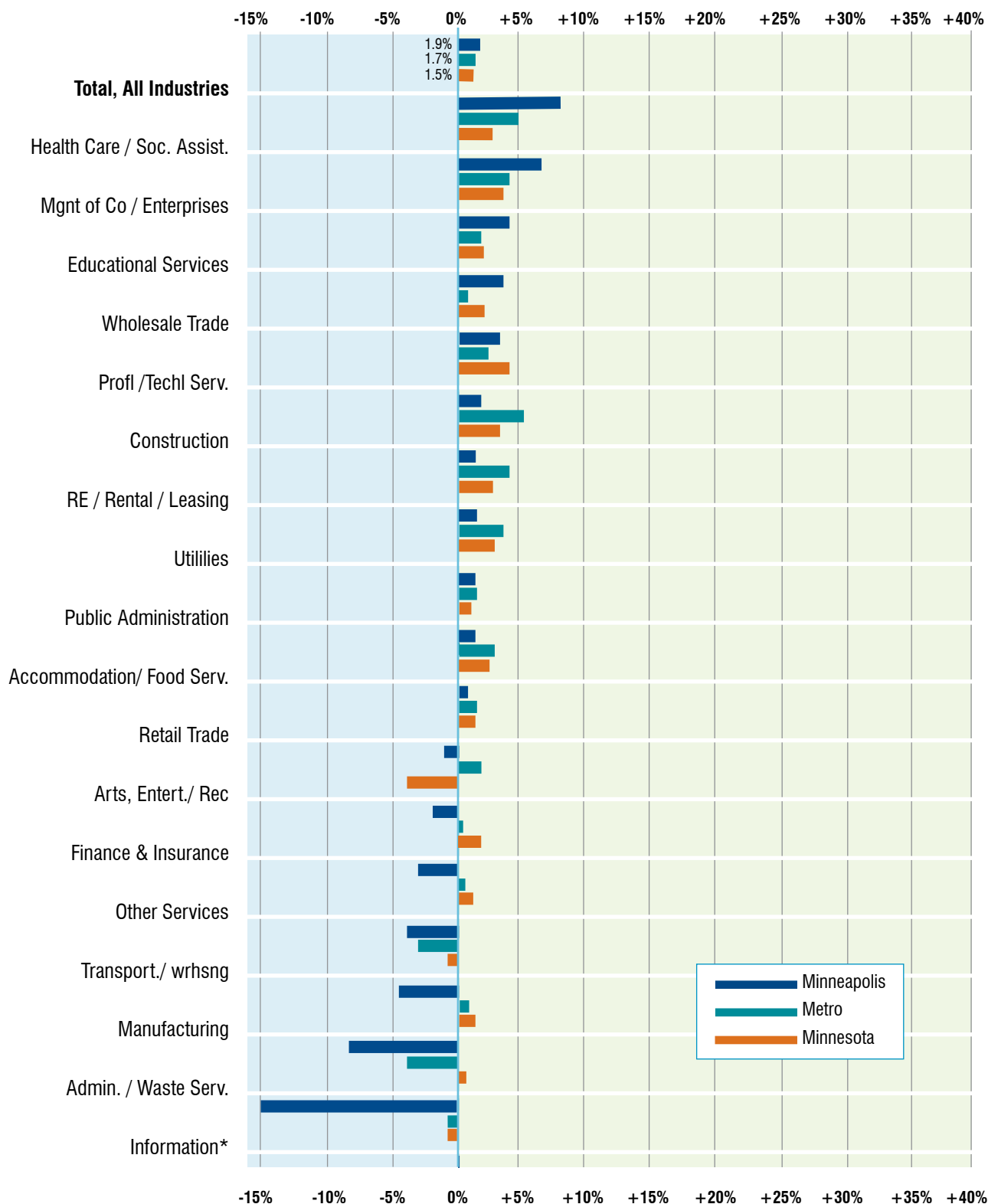
Of the sectors **posting growth** over this period, **Health Care and Social Assistance** was the fastest growing sector in the city at over 7.8 percent, while it grew at a slower rate in the metro area and the state. In addition to health care, **Management of Companies** and **Education Services** industries grew in the city faster than in either the metro or state.

Of the economic sectors **losing jobs** in the city, **manufacturing** and **finance and insurance** decreased in the city, but grew or held steady in the metro and state.

In the **information** sector, jobs decreased in all three geographic areas.

Jobs

Figure 3: **JOBS** –2Q-12 to 2Q-13
percentage change



Source: Minnesota Department of Employment and Economic Development (DEED)

Minneapolis industries are sorted from high to low
For metro area definition, see [page 12](#)

Wages

The average weekly wage in Minneapolis in the second quarter of 2013 was **\$1,206**, a **4.7 percent** increase in non-adjusted dollars from the previous year, and a **2.3 percent** increase when accounting for inflation.

The majority of sectors saw a weekly wage increase in non-adjusted dollars over the previous year. **Management of Companies and Enterprises** saw the highest average weekly wages increase at **290 dollars (14.6 percent)**.

Table 3: **AVERAGE WEEKLY WAGE** – Minneapolis¹
in current dollars

	2Q-2012	3Q-2012	4Q-2012	1Q-2013	2Q-2013	Change from 2Q-12 - 2Q-13
Total, All Industries	\$ 1,152	\$ 1,150	\$ 1,276	\$ 1,358	\$ 1,206	\$ 54
Construction	\$ 1,206	\$ 1,129	\$ 1,194	\$ 1,141	\$ 1,222	\$ 16
Manufacturing	\$ 1,103	\$ 1,098	\$ 1,355	\$ 1,116	\$ 1,097	\$ (6)
Utilities	\$ 1,628	\$ 1,572	\$ 1,807	\$ 2,424	\$ 1,777	\$ 149
Wholesale Trade	\$ 1,215	\$ 1,204	\$ 1,406	\$ 1,449	\$ 1,337	\$ 122
Retail Trade	\$ 481	\$ 503	\$ 516	\$ 532	\$ 497	\$ 16
Transportation and Warehousing	\$ 915	\$ 984	\$ 962	\$ 1,029	\$ 927	\$ 12
Information	\$ 1,312	\$ 1,276	\$ 1,357	\$ 1,494	NA	NA
Finance and Insurance	\$ 1,734	\$ 1,737	\$ 2,069	\$ 3,151	\$ 1,838	\$ 104
Real Estate and Rental and Leasing	\$ 1,239	\$ 1,417	\$ 1,369	\$ 2,161	\$ 1,368	\$ 129
Professional and Technical Services	\$ 1,683	\$ 1,685	\$ 2,231	\$ 1,683	\$ 1,719	\$ 36
Management of Companies and Enterprises	\$ 1,993	\$ 1,963	\$ 1,801	\$ 2,308	\$ 2,283	\$ 290
Administrative and Waste Services	\$ 636	\$ 659	\$ 696	\$ 693	\$ 657	\$ 21
Educational Services	\$ 1,133	\$ 1,082	\$ 1,188	\$ 1,055	\$ 1,181	\$ 48
Health Care and Social Assistance	\$ 950	\$ 934	\$ 991	\$ 947	\$ 951	\$ 1
Arts, Entertainment, and Recreation	\$ 1,378	\$ 1,389	\$ 1,046	\$ 917	\$ 1,318	\$ (60)
Accommodation and Food Services	\$ 384	\$ 387	\$ 399	\$ 382	\$ 388	\$ 4
Other Services, Ex. Public Admin	\$ 586	\$ 618	\$ 657	\$ 606	\$ 609	\$ 23
Public Administration	\$ 1,223	\$ 1,162	\$ 1,269	\$ 1,260	\$ 1,227	\$ 4

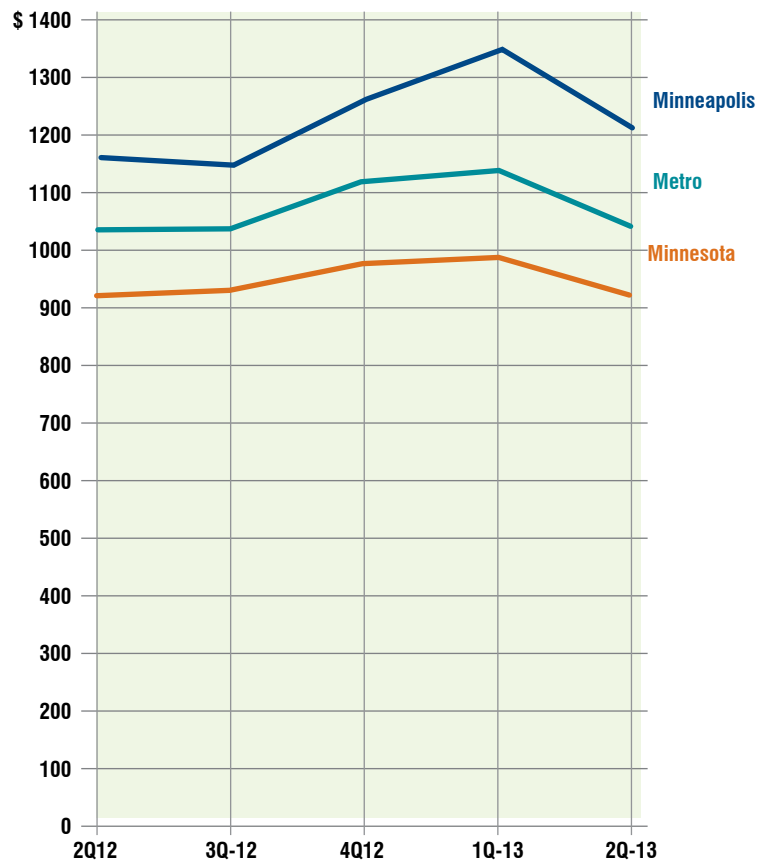
Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment

¹ Natural resources and agriculture, fishing and forestry employment are not counted. Some industry numbers may not be disclosed because of privacy issues.

Wages

In general, jobs in Minneapolis command higher average weekly wages than the metropolitan area or the state. When compared to the same quarter last year, average weekly wages in inflation-adjusted dollars rose in the city and state while wages held steady in the metro area.

Figure 4: **AVERAGE WEEKLY WAGES – 2Q-12 to 2Q-13**
in inflation-adjusted dollars



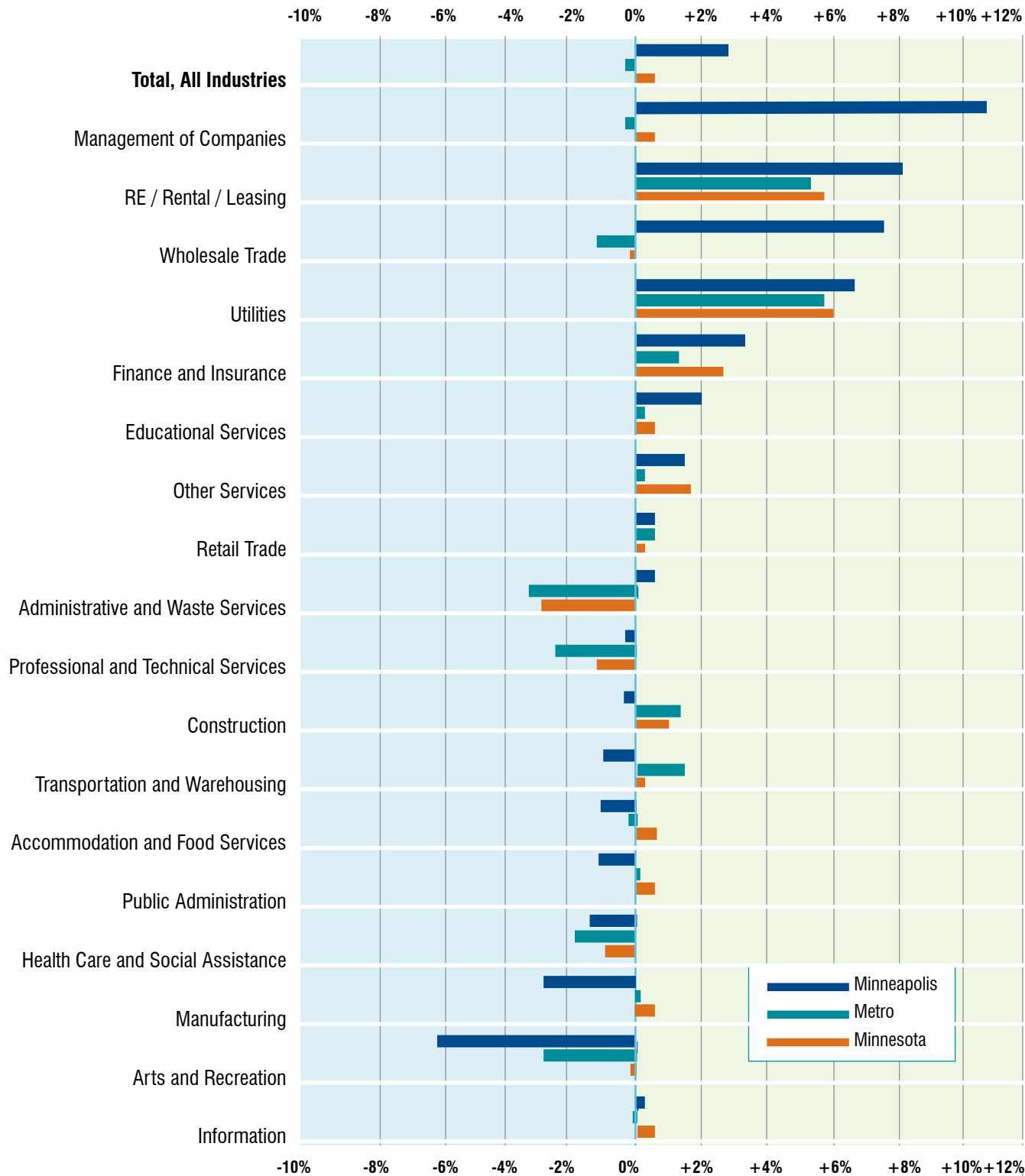
	2Q-12	3Q-12	4Q-12	1Q-13	2Q-13	\$ change 2Q-12 to 2Q-13	% change 2Q-12 to 2Q-13
Minneapolis	\$ 1,179	\$ 1,171	\$ 1,299	\$ 1,362	\$ 1,210	\$ 30	2.6%
Metro area	\$ 1,045	\$ 1,048	\$ 1,132	\$ 1,155	\$ 1,044	(\$ 1)	-0.1%
Minnesota	\$ 923	\$ 924	\$ 995	\$ 1,003	\$ 930	\$ 7	0.7%

Source: *Minnesota Department of Employment and Economic Development (DEED)*

For conversion factors, see [page 12](#)

Wages

Figure 5: **AVERAGE WEEKLY WAGES** –2Q-12 to 2Q-13
percent change in inflation-adjusted dollars*



Source: Minnesota Department of Employment and Economic Development (DEED)

* For conversion factors, see [page 12](#)

Minneapolis industries are sorted from high to low.

For metro area definition, see [page 12](#)

Wages

Approximately half of the sectors tracked for this report saw average non-adjusted weekly wages increase in Minneapolis this quarter. **Management, Wholesale Trade, and Real Estate** sectors saw the largest percentage increases over the previous year. In the metro and state geographies, job sectors experiencing the greatest wage growth were **utilities** and **real estate**.

- **Management of Companies** saw the largest increase in wages in Minneapolis with **11.9 percent** growth, while wages for the industry changed at rates of -0.4 and 0.5 percent respectively in the metro area and state.

Definitions & sources

Labor Force, Employment and Unemployment: Labor force, employment and unemployment by place of residence are based on monthly figures from the Minnesota Department of Employment and Economic Development. Labor force means the number of non-farm workers employed or looking for a job at a given time. For complete definitions go to: <http://www.bls.gov/opub/hom/pdf/homch1.pdf>

Metro area: The following counties make up the seven-county metropolitan area: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Jobs and wages: Average number of jobs by industry is based on data of all establishments covered under the Unemployment Insurance System, which includes about 97 percent of Minnesota employment. Some categories of employment are excluded, including sole proprietors, self-employed people, railroad workers, elected government officials and others working on a commission basis. Tables 2 and 3 show data to two digits by industry in the North American Industry Classification System (NAIC) for Minneapolis, the seven-county metropolitan area, and Minnesota. To see how the “digits” work, go to <http://www.census.gov/eos/www/naics/>

Inflation-adjusted figures: Values reported in table 3 are expressed in current dollars (not adjusted for inflation). For analysis purposes, however, text is based on these table values converted to constant (*inflation-adjusted*) dollars based on the U.S. Bureau of Labor Statistics’ Consumer Price Index (CPI) for all urban consumer goods in the Minneapolis-Saint Paul, Minnesota-Wisconsin statistical metropolitan area and the Midwest urban areas. For the third quarter of 2012, dollars have been converted with an index reflecting the CPI for the second half of 2012 and second half of 2011 with 2012 as a base year for Minneapolis and metro area, and the state. To look at the indexes go to: <http://www.bls.gov/cpi/> then go to databases and to “All urban consumers (current series).”

Development indicators

- 935 new construction residential units were permitted this quarter, most of them rental units in multifamily buildings, although the number of single family permits remained strong at 45 permits issued.
- The city permitted 24.2 percent fewer multifamily units this quarter than last quarter, and 41.0 percent fewer permits than were issued in the same quarter of 2012.
- Thirty residential and commercial projects valued at least \$1 million were permitted this quarter, totaling \$268.4 million. The largest single project was the renovation of the historic Pillsbury A-Mill complex into multi-family residential units.

New construction

Minneapolis city permitting of single- and multi-family units decreased both over the previous quarter and the same quarter in 2012. New residential unit permitting activity in the metro area also increased over the previous quarter and the same quarter last year.

Figure 6 shows the last five quarters of residential unit permits issued in Minneapolis. These numbers do not include remodeling and conversion projects, which are discussed on page 25. Remodeling and conversion projects are reported separately from new building permits, and appear in Table 5 and Map 2.

Table 4: **NEW RESIDENTIAL UNITS PERMITTED**

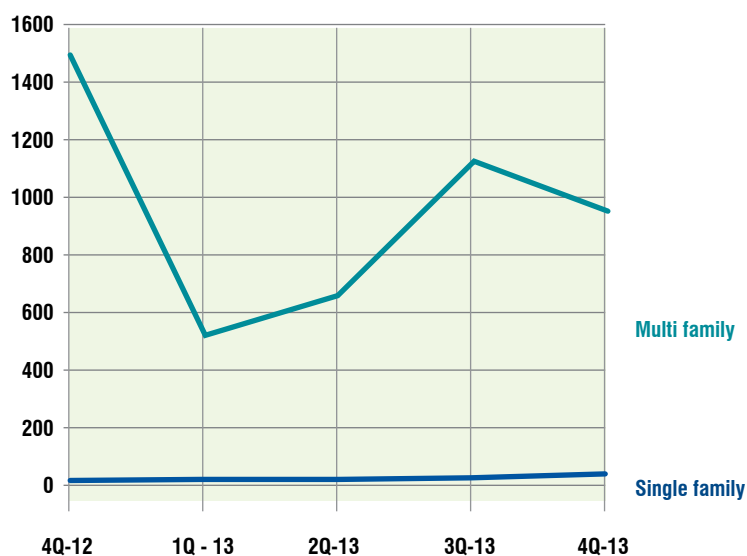
	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13
Single-family					
City	24	22	33	46	45
Metro area	1,262	1,059	1,665	1,720	1,412
Multifamily					
City	1,508	487	625	1,174	890
Metro area	2,634	497	832	1,903	1,449
Total Units					
City	1,532	509	658	1,220	935
Metro area*	3,896	1,556	2,497	3,623	2,861

Source: U.S. Census Bureau, based on estimated number of permits with imputation

* Estimated number of permits with imputation: The Census Bureau estimates that about 8 percent of the total number of units permitted are underreported by counties in the metro area.

For metro area definition, see [page 12](#)

Figure 6: **NEW RESIDENTIAL UNITS PERMITTED – Minneapolis**



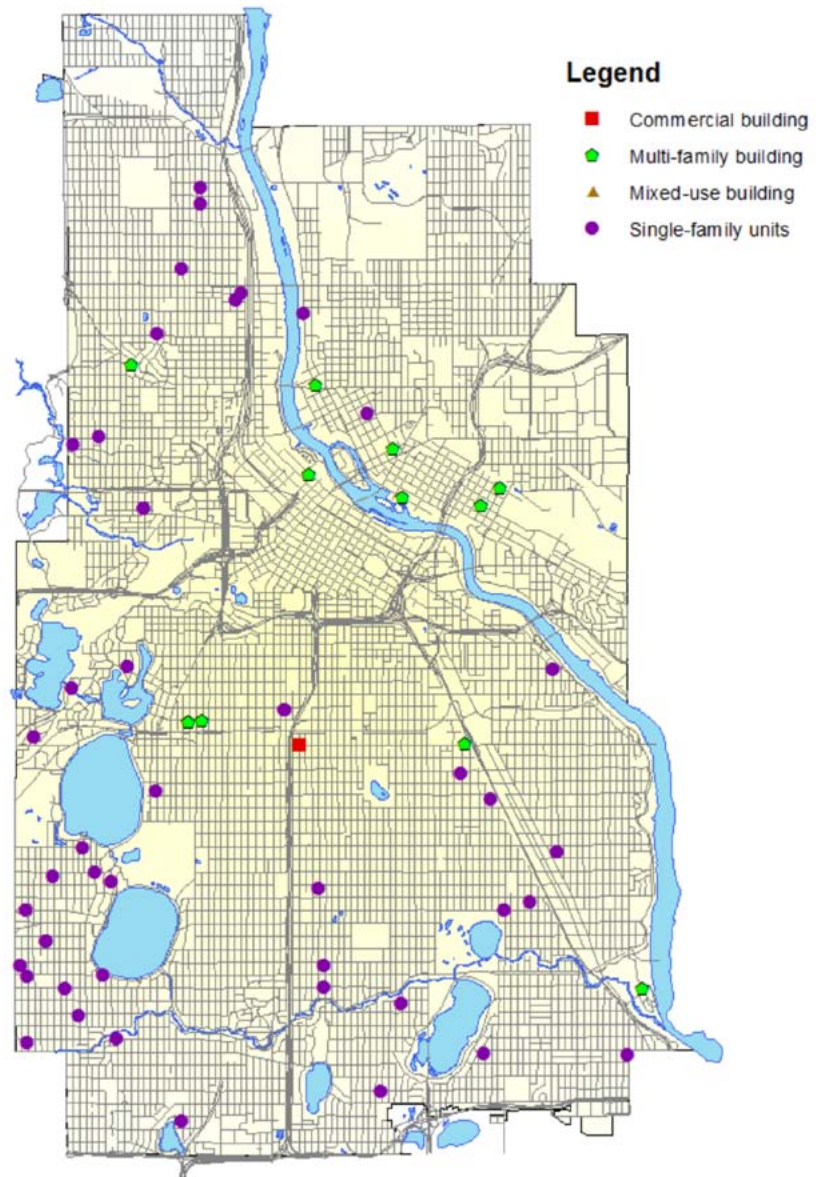
Source: U.S. Census Bureau, and Minneapolis CPED

New construction

Forty-five single-family dwellings were permitted, many of them in the southwestern part of the city, near Lake Harriet and Lake Calhoun. Twelve new multi-family buildings totaling 890 units were also permitted this quarter, most of them located near Uptown and the University of Minnesota.

Map 1: **NEW CONSTRUCTION PERMITS – 4Q-13**

Source: Minneapolis CPED



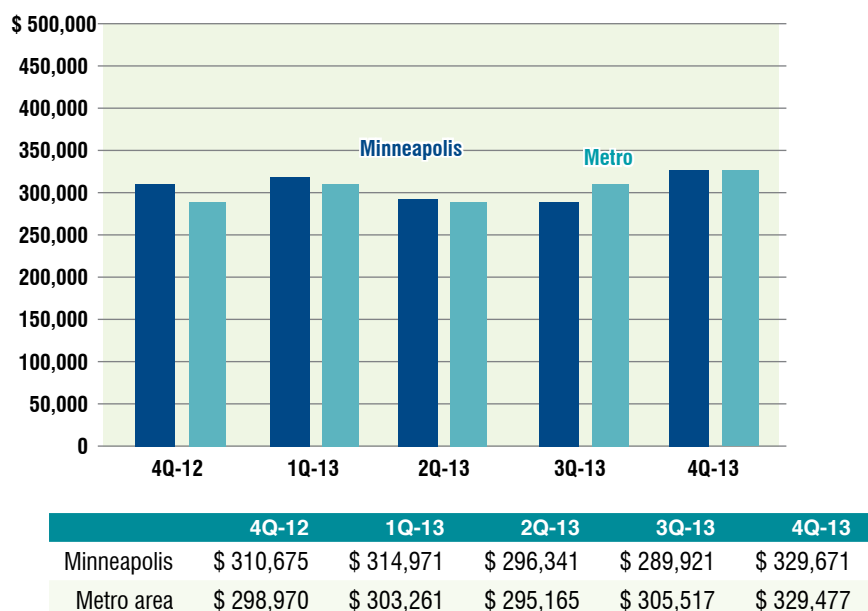
Cost of residential construction

The forty-five new single-family homes permitted this quarter had estimated construction costs ranging from \$115,000 to \$1,440,000, with a median of \$260,000.

The average single-family construction cost in the city increased by 13.7 percent this quarter in comparison with last quarter, and increased 6.1 percent compared with the same quarter last year. In the metro area permitted work increased in value by 7.8 percent over the previous quarter and increased 10.2 percent compared with the same quarter last year.

This quarter the average construction cost of multifamily units decreased in Minneapolis and increased in the metro from the previous quarter as well as the same quarter from the previous year.

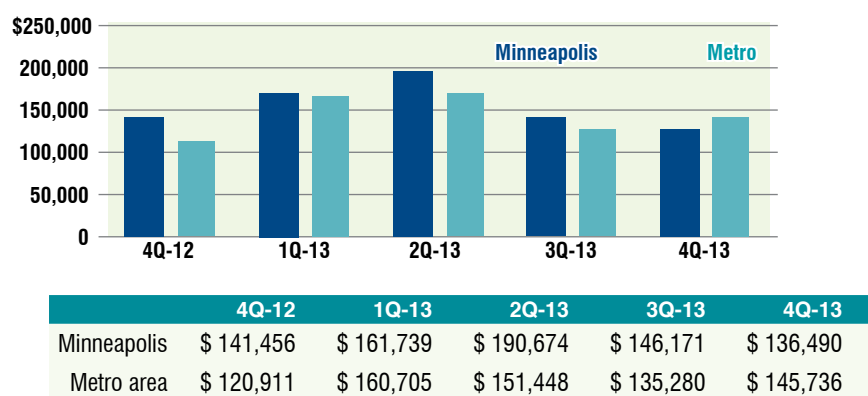
Figure 7: **SINGLE-FAMILY CONSTRUCTION COST**
per unit



Source: U.S. Census Bureau

Table values are not adjusted for inflation
For metro area definition, see [page 12](#)

Figure 8: **MULTIFAMILY CONSTRUCTION COST**
per unit



Source: U.S. Census Bureau

Values in table are not adjusted for inflation
For metro area definition, see [page 12](#)

Permitted conversions, remodels & additions

The City saw a decrease in the number of **residential** remodeling, conversion and addition projects with a value of \$50,000 or more this quarter when compared to the previous quarter, but the overall value of those permits increased.

Commercial permit numbers were down when compared to the previous quarter, the value of those permits also decreased.

Table 5: **PERMITTED CONVERSIONS, REMODELS AND ADDITIONS**
projects \$50,000 +

	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13
Remodels					
Number of buildings	158	122	170	167	115
Total Value	\$ 52,359,744	\$ 13,879,186	\$ 27,775,695	\$ 22,976,086	\$ 19,966,647
Conversions and additions²					
Number of buildings	7	5	4	7	13
Net number of units	386	-3	56	19	274
Total value	\$ 46,997,482	\$ 1,689,000	\$ 9,092,809	\$ 2,186,020	\$ 82,807,806
Total Residential¹					
Number of buildings	165	127	174	174	128
Value	\$ 99,357,226	\$ 15,568,186	\$ 36,868,504	\$ 25,162,106	\$ 102,774,453
Total non-residential¹					
Number of buildings ³	141	150	156	178	165
Value	\$ 41,099,298	\$ 102,497,433	\$ 75,028,318	\$ 63,817,628	\$ 60,963,468

Source: Minneapolis CPED

1 Residential and non-residential building listings may include structural work, build-outs (other than new building build-outs) and other improvements.

2 Residential conversions consist of a change in uses (e.g. from an office building to residential apartments) or subdividing or consolidating residential units.

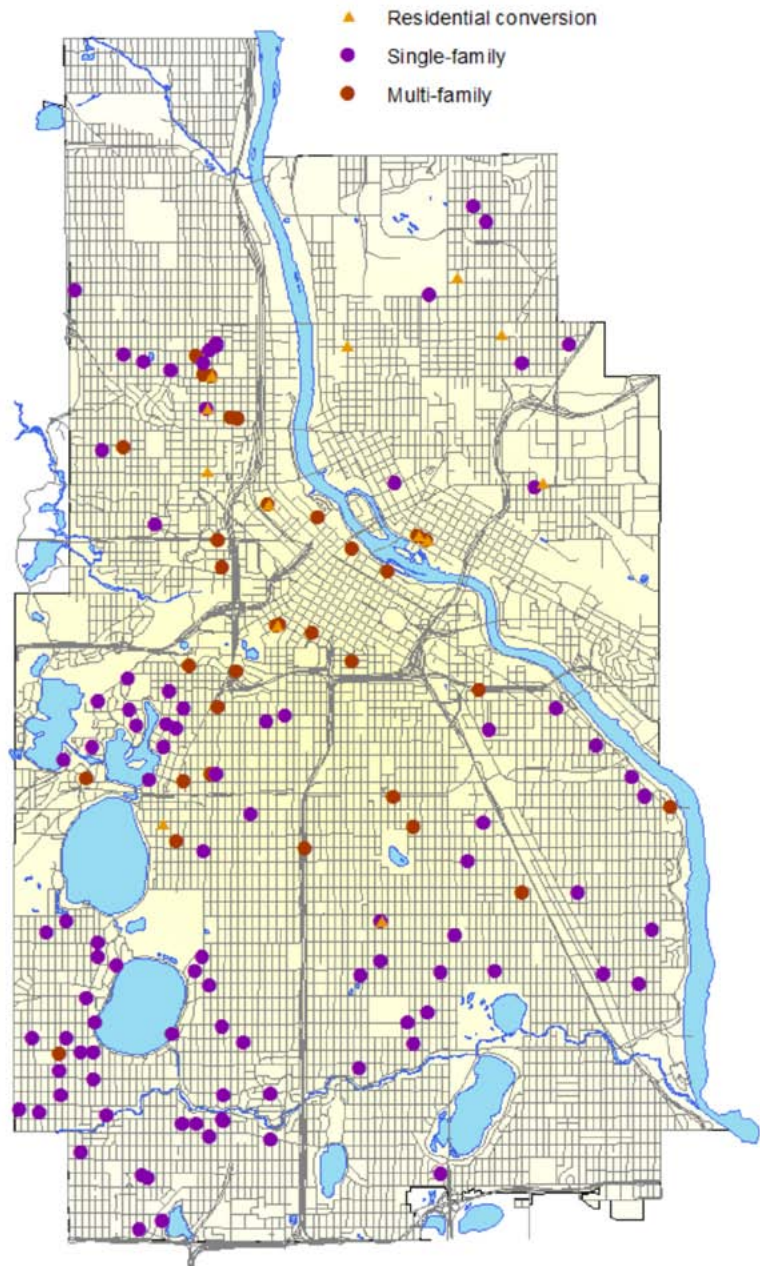
3 Types of non-residential buildings vary, including parking ramps, communication equipment, and public works, commercial or industrial buildings.

Conversions, remodels & additions

A large portion of the residential permit value this quarter can be attributed to the conversion of the Pillsbury A-Mill complex to residential use.

Map 2 **RESIDENTIAL CONVERSIONS, REMODELS & ADDITIONS – 3Q-13**
projects \$50,000 +

Source: Minneapolis CPED

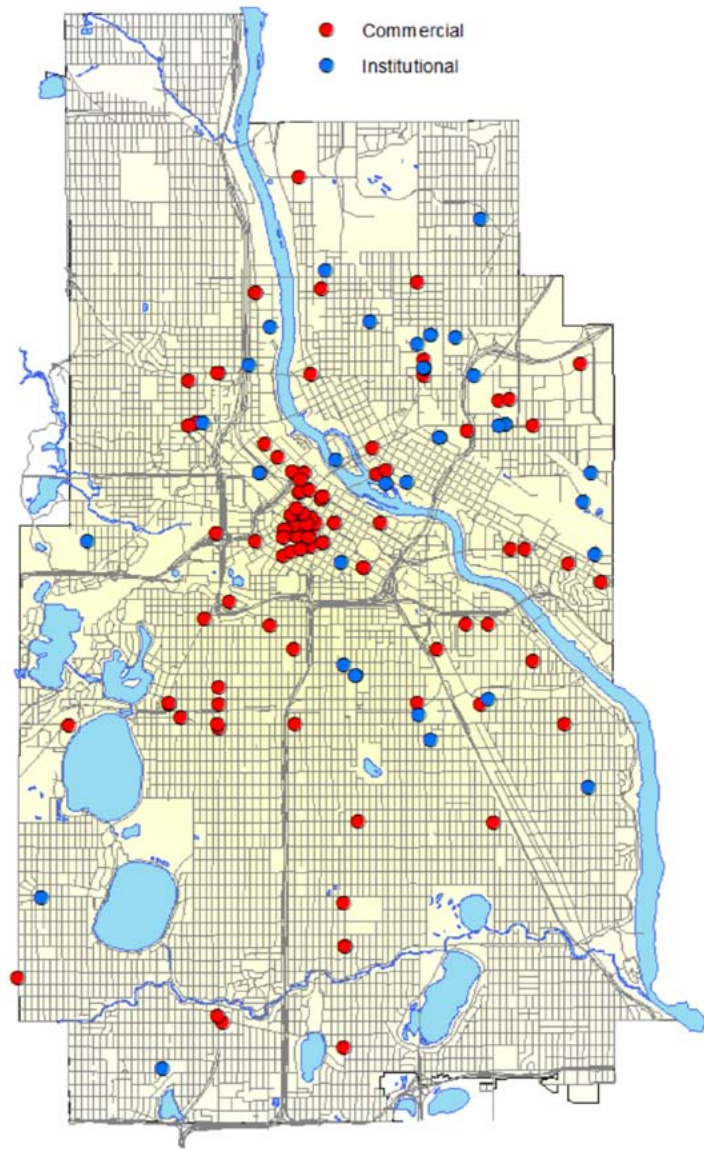


Conversions, remodels & additions

Non-residential remodel permits in the fourth quarter were concentrated in the downtown sector of the city, with additional concentrations along commercial corridors in the city such as Lake Street and Central Avenue.

Map 3: **NON-RESIDENTIAL REMODELING & RENOVATION – 3Q-13**
projects \$50,000 +

Source: Minneapolis CPED



Major construction projects

The following list shows major projects permitted in Minneapolis in the third quarter of 2013. The dollar amounts only reflect projected construction cost (not land acquisition or soft costs) for permits issued.

Table 6: **MAJOR PERMITTED MINNEAPOLIS CONSTRUCTION PROJECTS** projects \$1,000,000+

Description	Address	Neighborhood	Projected construction \$	CPED Involvement ¹
Renovation of historic A-Mill complex for use as a 208 unit multi-family apartment building	300 2nd St Se	Marcy-Holmes	\$ 68,104,757	●
New 100 bed Minnesota Skilled Veterans nursing home	5101 Minnehaha Ave	Hiawatha	\$ 26,182,560	
New 158-unit multi-family apartment building	401 Main St Se	Marcy-Holmes	\$ 21,285,435	●
Two new 4-story apartment buildings (150 units total) connected with an underground garage.	1219 Marshall St Ne	Sheridan	\$ 20,515,051	
New 140-unit multi-family building	324 1st St N	North Loop	\$ 20,320,000	
New 140-unit multi-family building	1300 5th St Se	Marcy-Holmes	\$ 17,830,000	
New 130-unit multi-family building	514 1st Ave Ne	Nicollet Island East Bank	\$ 17,224,529	
Renovation of historic A-Mill complex for use as a 43 unit multi-family apartment building	400 2nd St Se	Marcy-Holmes	\$ 8,750,327	●
New 54-unit multi-family building	2000 West Broadway	Jordan	\$ 8,300,000	●
New 64-unit multi-family building	2230 Lake St E	East Phillips	\$ 7,400,000	
Renovate 360 sleeping rooms and upgrade bathrooms	45 7th St S	Downtown West	\$ 6,312,770	
Renovation and addition to school	1600 Buchanan St Ne	Northeast Park	\$ 5,960,000	
New 36-unit multi-family building	815 14th Ave Se	Marcy-Holmes	\$ 5,276,026	
Renovation of historic warehouse to 30-unit multi-family building	900 3rd St N	North Loop	\$ 5,164,671	
Office space buildout	80 8th St S	Downtown West	\$ 4,100,000	
Interior remodel of 81-unit multi-family building	2121 9th St S	Seward	\$ 3,303,937	
Library renovation	1834 Emerson Ave N	Near North	\$ 2,719,371	
Renovation of historic office building	1215 Marshall St Ne	Sheridan	\$ 2,352,583	●
Renovation of park facilities	4300 Webber Pkwy	Webber Camden	\$ 2,167,500	
Office space buildout	1001 Plymouth Ave N	Near North	\$ 1,896,649	●
Restaurant remodel	101 5th St S	Downtown West	\$ 1,500,000	
New single family dwelling	2410 Oliver Ave S	Kenwood	\$ 1,443,525	
Office space buildout	1010 7th St S	Elliot Park	\$ 1,409,050	
Office space buildout	704 4th Ave S	Downtown West	\$ 1,404,957	
New multi-family structures, 5 units each	2812 Emerson Ave S	Lowry Hill East	\$ 1,368,356	
	2816 Emerson Ave S		\$ 1,368,356	
	2824 Emerson Ave S		\$ 1,368,356	
Hospital remodel	730 8th St S	Downtown West	\$ 1,285,000	
Renovation of park facilities	4300 Webber Pkwy	Webber-Camden	\$ 1,038,000	
New one-story commercial structure	304 Lake St E	Phillips West	\$ 1,009,491	

Source: Minneapolis CPED

* Includes more than one permit at one address

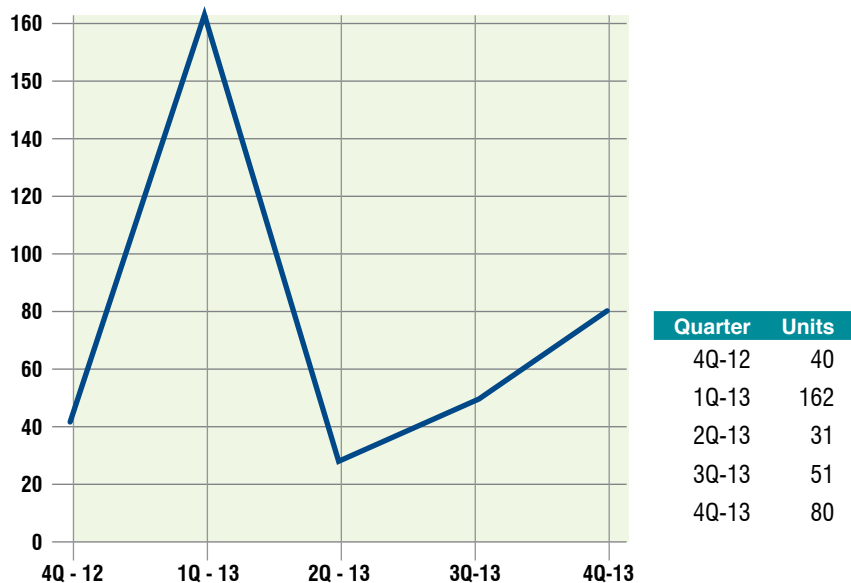
¹ Community Planning and Economic Development (CPED) assists selected construction projects in the City with land assembly, property purchases, grants for land remediation, and financial assistance through bonds or small loans for businesses. All development projects regardless of financial involvement receive technical assistance from CPED on land use and regulatory matters.

Demolitions

Residential demolitions increase this quarter when compared to the previous quarter, as well as when compared to the same quarter from 2012.

Demolitions continue to be focused in the southwest sector of the city as sites are prepped for the construction of new single-family dwellings.

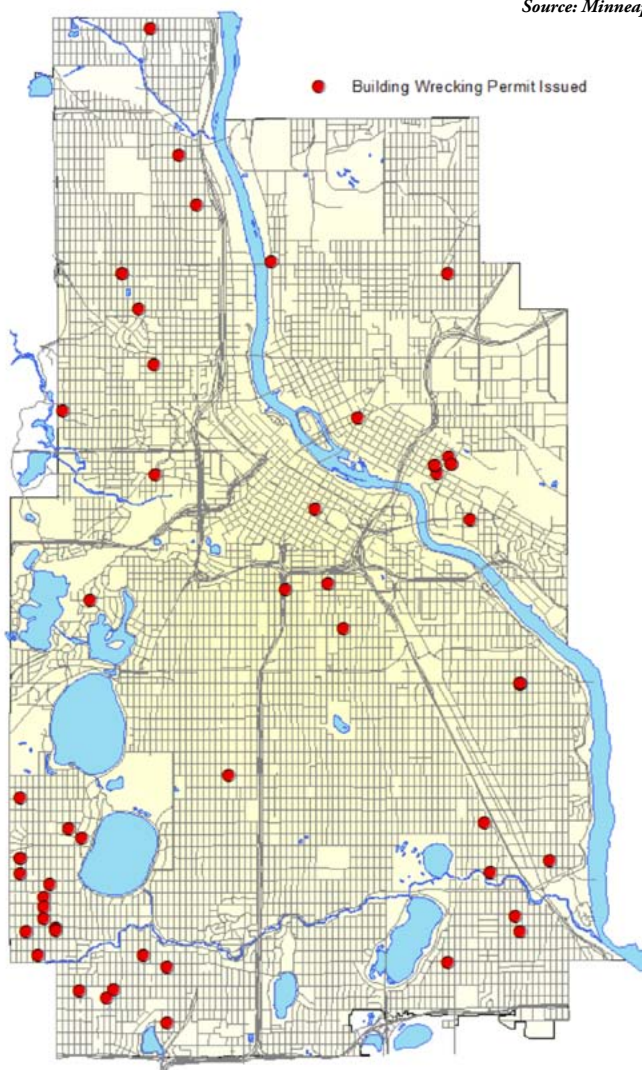
Figure 9: **RESIDENTIAL UNITS DEMOLISHED** – Minneapolis



Source: Minneapolis CPED

Map 4: **DEMOLITIONS** –4Q-13

Source: Minneapolis CPED



Building permits for new construction: Permits represent construction projects (residential and non-residential) approved by the City. Typically there is a time lag between issuing a permit and actual construction.

Table four and figures six to eight are based on monthly figures for the city of Minneapolis and metropolitan area provided by the U.S. Census Bureau. For mapping purposes, data on new building construction, remodels, conversions and demolitions for the city are based on permit information by address from the City's Regulatory Services Department. Numbers from the U.S. Census Bureau and Minneapolis Regulatory Services may differ slightly for the same period because of a time-lag in reporting. Census Bureau numbers do not include additions, remodels or demolitions.

Single-family buildings have only one unit in the building.

Multifamily buildings have two or more units in the building, except when noted that triplexes and duplexes are counted separately (in that case, multifamily buildings have four or more units.)

Cost of residential construction is based on the cost developers report on permit requests for their projects.

Construction cost per unit refers to the total construction cost reported divided by the number of units permitted during the period considered.

Non-residential buildings include any kind of use except residential. Cost is based on the amount the developer reports to the City's Regulatory Services Department.

Building permits for residential remodeling, additions and conversions: Table five and maps two and three are based on data from the City of Minneapolis CPED Department. Information includes all City-approved projects for remodeling, additions and conversions with a value of \$50,000 or more.

Building permits for demolitions: These data were obtained from the City of Minneapolis CPED Department and include all partially or totally demolished buildings. The multifamily building category includes rentals and condominiums.

Maps – Building uses: Categories listing the uses of buildings are based on descriptions from their permits. The following categories are used:

Map 1 – New buildings

Single-family: means detached dwellings.

Other residential: means buildings with two (duplex and double bungalow), three (triplex) or more residential units, including townhouses.

Mixed-use residential: means buildings with other uses in addition to residential, for example, residential and commercial; residential and retail and/or office.

Non-residential use: means all buildings that do not have a residential component. It also includes structures such as communications towers and skyways.

Map 2 – Residential remodels with a construction cost of \$50,000 or more:

Single-family includes all detached single-family dwellings with permits for renovations, additions or improvements.

Other residential includes all residential buildings that are not detached single-family dwellings, including units in buildings with two or more units. It includes remodeling or build-outs of one or more individual units and remodeling of the entire building.

Conversions consist of the construction of new residential units in non-residential buildings such as factories, warehouses, hotels and others and remodeling of a building for residential uses. It does not include conversions of apartment units to condominiums. It includes changing two or more residential units into a single residence or the subdivision of a single unit into several.

Map 3 – Non-residential remodels, additions and improvements with a cost of \$50,000 or more

Commercial includes offices, warehouses, factories, restaurants and retail buildings in general. It may be a build-out of an office space or several floors, or it may be the remodeling of an entire building. Several tenant remodels at one address are considered one project, i.e. renovation of 33 S. Sixth St. (the former Multifoods Tower) downtown.

Institutional: This category includes hospitals, clinics, churches, schools, nursing homes, correctional centers and any other institutional use.

Transportation related includes parking, skyways and bus and rail terminals.

Map 4 – Demolitions

Single family buildings: All detached residential buildings with one unit in the structure.

Multi-family buildings: All residential buildings with 2 or more units in the structure.

Non-residential: All non-residential buildings and structures

Residential and Commercial Real Estate Market

- The average apartment vacancy rate in Minneapolis rose to 2.5 percent in the fourth quarter of 2013, up from 1.9 percent in the third quarter of 2013, and rising from the 1.8 percent rate in the fourth quarter of 2012.
- The number of traditional housing sales increased by 8.0 percent over the same quarter last year, while lender-mediated sales decreased by 37.9 percent. Average prices on traditional housing sales decreased by 5.0 percent from the previous quarter, and increased 4.5 percent over the same quarter last year.
- The number of condemned, boarded and vacant buildings in the city decreased to 558, the lowest quarterly total since the second quarter of 2007.
- Foreclosure sales also continue to decline, by 17.9 percent from the previous quarter, and 50.3 percent when compared to the same time last year.
- The office vacancy rate in the Minneapolis central business district (CBD) hovered between 13.9 percent and 17.4 percent this quarter, depending on the firm reporting.

Apartment vacancy rates & average rents

The vacancy rate for multifamily rental housing in Minneapolis rose to 2.5 percent, while the metro area vacancy rate held steady this quarter at 2.5 percent.

Table 7: **VACANCY RATE AND AVERAGE RENT**
in current dollars

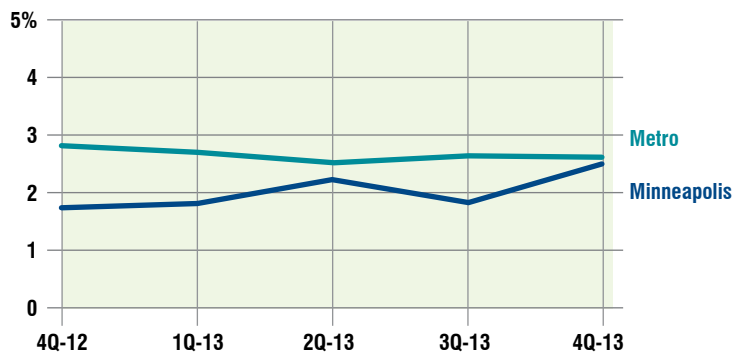
	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13
Minneapolis					
Units surveyed	16,831	16,483	16,923	17,500	18,174
Vacant units	296	312	368	332	455
Average rent	\$ 1,006	\$ 1,017	\$ 1,037	\$ 1,041	\$ 1,098
Vacancy rate	1.8%	1.9%	2.2%	1.9%	2.5%
Metro area					
Units surveyed	115,974	112,383	114,715	117,356	115,632
Vacant units	3,353	3,091	2,675	2,897	2,932
Average rent	\$ 957	\$ 966	\$ 979	\$ 984	\$ 981
Vacancy rate	2.9%	2.8%	2.3%	2.5%	2.5%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, [page 41](#)

Figure 10: **RENTAL VACANCY RATES**
in percent



Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

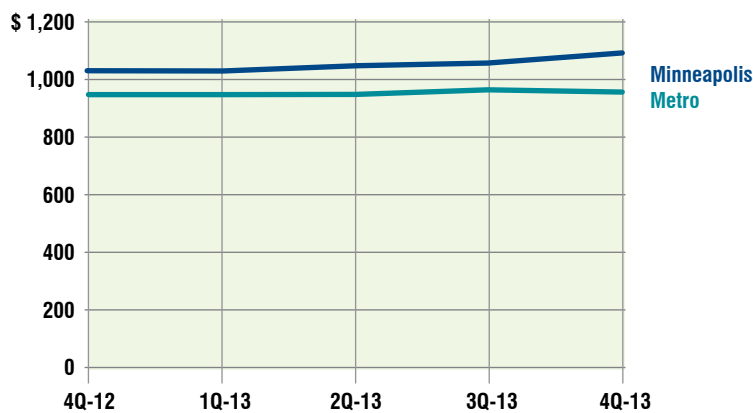
Apartment vacancy rates & average rents

At \$1,098, Minneapolis average rent in inflation-adjusted dollars increased when compared to both the previous quarter and the same quarter of last year. In the metro area average rent was \$981, holding steady from the previous quarter and increasing slightly over the same quarter of the previous year.

The vacancy rate rose in Downtown, Southwest, East, and North sectors from last quarter, and decreased in the South sector. Compared to the same quarter last year the vacancy rate rose in the Downtown, Southwest, and South sectors, while falling in the North and East sectors. The largest change from year to year occurred in Downtown, where the vacancy rate increased from 2.2 percent in the fourth quarter of 2012, up to 4.0 percent in the fourth quarter of 2013.

* For conversion factors, see [page 41](#).

Figure 11: **AVERAGE APARTMENT RENT**
in current dollars



In inflation-adjusted dollars

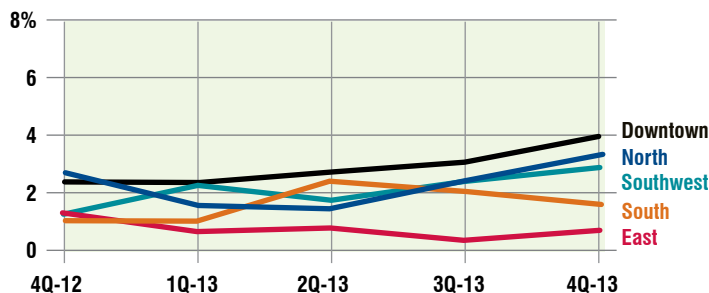
	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13
Minneapolis	\$ 1,024	\$ 1,025	\$ 1,032	\$ 1,038	\$ 1,098
Metro area	\$ 974	\$ 974	\$ 974	\$ 981	\$ 981

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

* For conversion factors, see [page 41](#)

Figure 12: **VACANCY RATES BY MINNEAPOLIS GEOGRAPHIC SECTORS***
in percent



	4Q-13	1Q-13	2Q-13	3Q-13	4Q-13
Downtown	2.2%	2.2%	3.0%	3.3%	4.0%
Southwest	1.5%	2.1%	1.9%	2.2%	2.5%
North	2.8%	1.7%	1.7%	2.2%	2.7%
South	1.6%	1.5%	2.7%	2.0%	1.8%
East	1.7%	1.2%	1.4%	0.9%	1.2%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

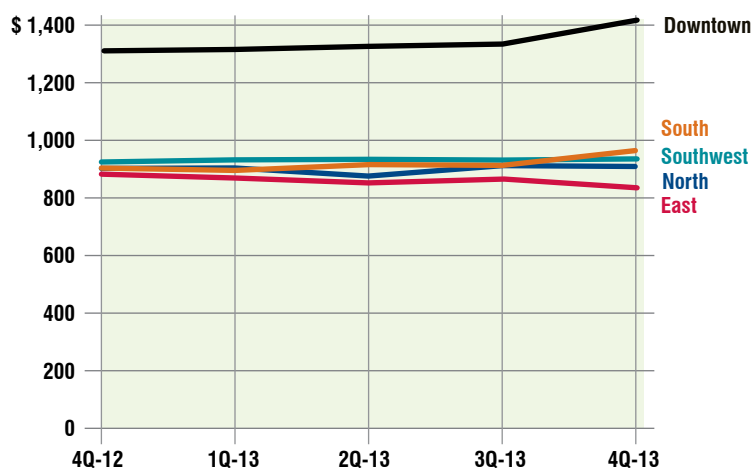
* For sector definitions, see [page 41](#).

Apartment vacancy rates & average rents

Average rents increased over the previous quarter in the Downtown, Southwest, and South sectors of the city, while falling in the North and East sectors. On a year to year basis, rents increased the most in Downtown Minneapolis (7.2 percent, or 94 dollars), followed by South (6.1 percent, or approximately 56 dollars).

* For conversion factors, see [page 42](#).

Figure 13: **AVERAGE MONTHLY RENT BY CITY GEOGRAPHIC SECTORS***
in inflation-adjusted dollars



	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13
Downtown	\$ 1,308	\$ 1,314	\$ 1,333	\$ 1,339	\$ 1,402
Southwest	\$ 919	\$ 920	\$ 923	\$ 924	\$ 925
North	\$ 890	\$ 881	\$ 874	\$ 926	\$ 923
South	\$ 918	\$ 917	\$ 933	\$ 939	\$ 974
East	\$ 896	\$ 874	\$ 852	\$ 880	\$ 842

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter.

* For conversion factors, see [page 42](#).

** For City sectors definition see [page 41](#).

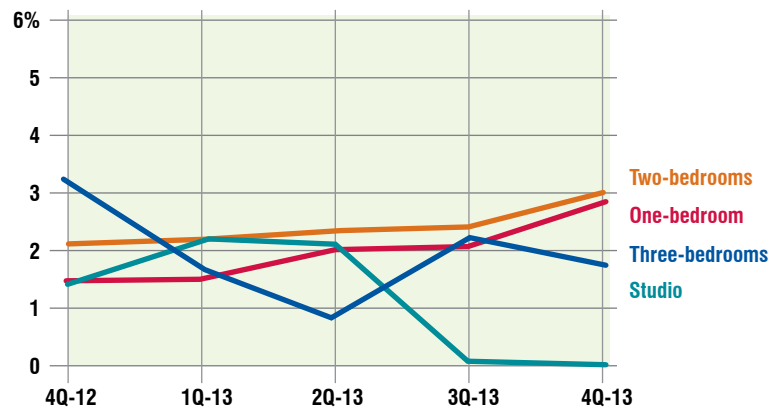
Apartment vacancy rates & average rents

When compared to the previous quarter, vacancy rates rose for one- and two-bedroom apartment types while three-bedroom vacancy rates declined and studio apartments remained in high demand. In comparison with the fourth quarter of 2012, vacancy rates rose for one- and two-bedroom apartment types while three-bedroom and studio apartments saw vacancy rates decline.

Average rents in *inflation-adjusted* dollars were up this quarter among all unit types when compared to both the previous quarter and the same quarter from the previous year.

* For conversion factors, see [page 42](#).

Figure 14: **RENTAL VACANCY RATE** – Minneapolis
in percent by apartment type

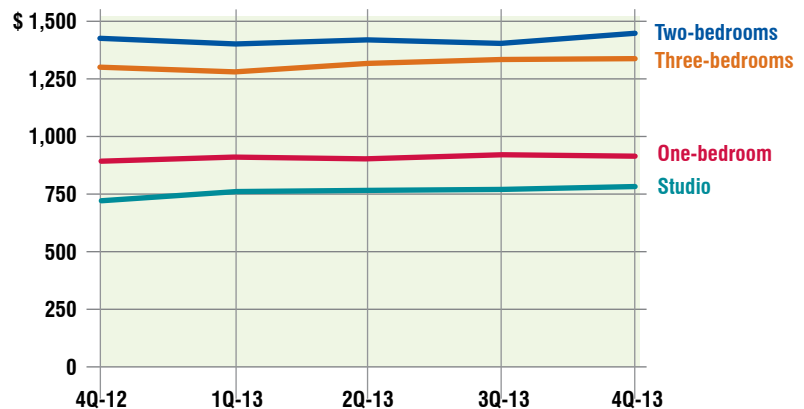


	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13
Studio	1.5%	2.2%	2.1%	0.0%	0.0%
One-bedroom	1.6%	1.5%	2.0%	2.0%	2.7%
Two-bedroom	2.1%	2.2%	2.4%	2.5%	3.0%
Three-bedroom	3.4%	1.7%	0.9%	2.2%	1.9%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

Figure 15: **AVERAGE UNIT MONTHLY RENT** – Minneapolis
in inflation-adjusted dollars by apartment type



	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13
Studio	\$ 747	\$ 752	\$ 754	\$ 755	\$ 775
One-bedroom	\$ 950	\$ 950	\$ 956	\$ 959	\$ 1,000
Two-bedroom	\$ 1,260	\$ 1,299	\$ 1,316	\$ 1,331	\$ 1,404
Three-bedroom	\$ 1,414	\$ 1,429	\$ 1,416	\$ 1,441	\$ 1,490

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter.

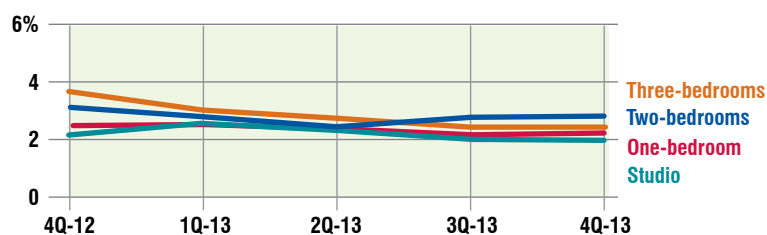
Apartment vacancy rates & average rents

In the metro area vacancy rates held mostly steady with a slight increase for one-bedroom units and a slight decrease for three-bedroom units when compared to the previous quarter.

Compared with the fourth quarter of 2012, vacancy rates were down for all unit types in the metro area.

Average rents in *inflation-adjusted* dollars in the metro increased slightly over both the previous quarter and the same quarter from the previous year for all types of apartments except three-bedroom units, which saw a slight decline in average rent over both time periods.

Figure 16: **APARTMENT RENTAL VACANCIES** – Metro area
in percent by apartment type



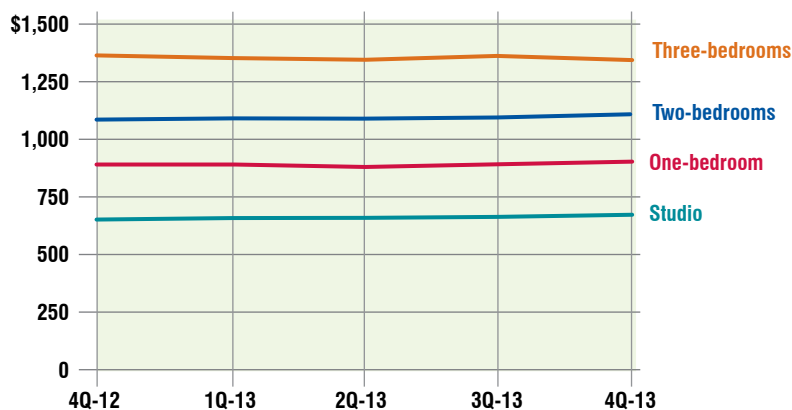
	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13
Studio	2.2%	2.8%	2.3%	2.0%	2.0%
One-bedroom	2.6%	2.4%	2.2%	2.2%	2.3%
Two-bedroom	3.1%	3.0%	2.4%	2.8%	2.8%
Three-bedroom	3.8%	3.1%	2.7%	2.5%	2.4%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

Figure 17: **AVERAGE APARTMENT MONTHLY RENT** – Metro area
in inflation-adjusted dollars by apartment type



	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13
Studio	\$ 729	\$ 733	\$ 732	\$ 736	\$ 740
One-bedroom	\$ 851	\$ 850	\$ 850	\$ 856	\$ 860
Two-bedroom	\$ 1,056	\$ 1,056	\$ 1,058	\$ 1,063	\$ 1,069
Three-bedroom	\$ 1,347	\$ 1,343	\$ 1,339	\$ 1,348	\$ 1,335

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multi family rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

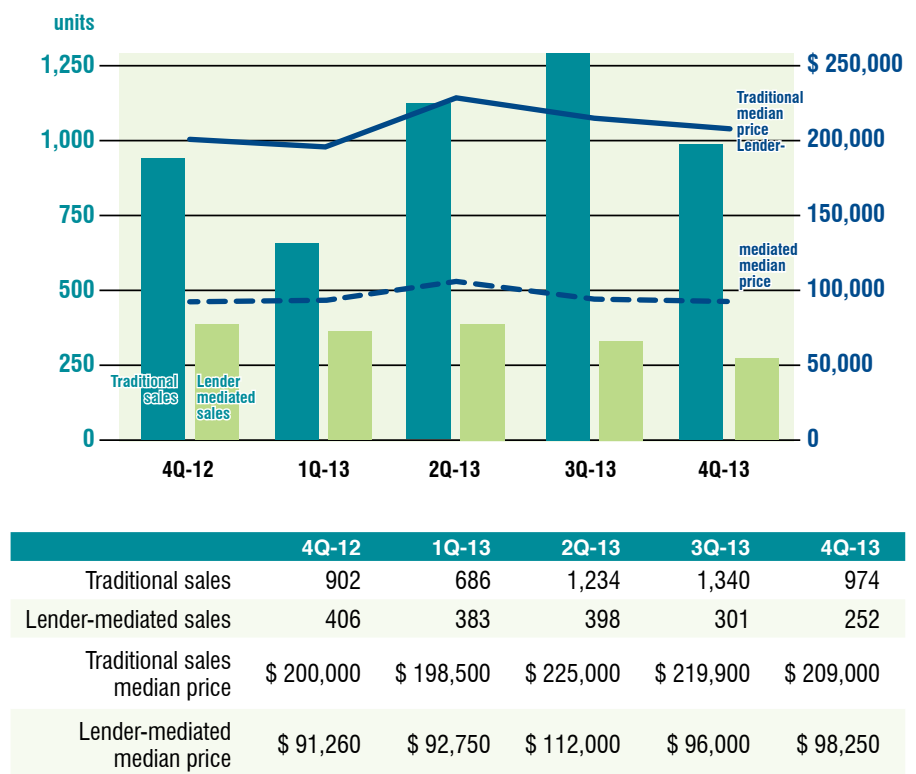
Residential sales

Overall sale of housing units decreased from the previous quarter. This included an decrease in traditional sales (27.3 percent decrease) and a decrease in lender-mediated sales (16.3 percent decrease). Median prices for the quarter decreased for traditional sales and increased slightly for lender-mediated sales. The median price of traditional sales in Minneapolis (\$209,000) continued to lag behind that of the region (\$216,700).

Over a twelve-month period, the number of traditional housing sales increased by 8.0 percent, while lender-mediated sales decreased by 37.9 percent, continuing to reflect the declining number of distressed properties in the market.

Median sale prices increased for traditional sales (4.5 percent) and for lender-mediated sales (7.7 percent). This quarter lender-mediated sales including foreclosures were 21 percent of all housing sales in the city, while they accounted for 31 percent of sales in the same quarter of the previous year.

Figure 18: **TRADITIONAL AND LENDER-MEDIATED CLOSED SALES AND MEDIAN SALE PRICE— Minneapolis**

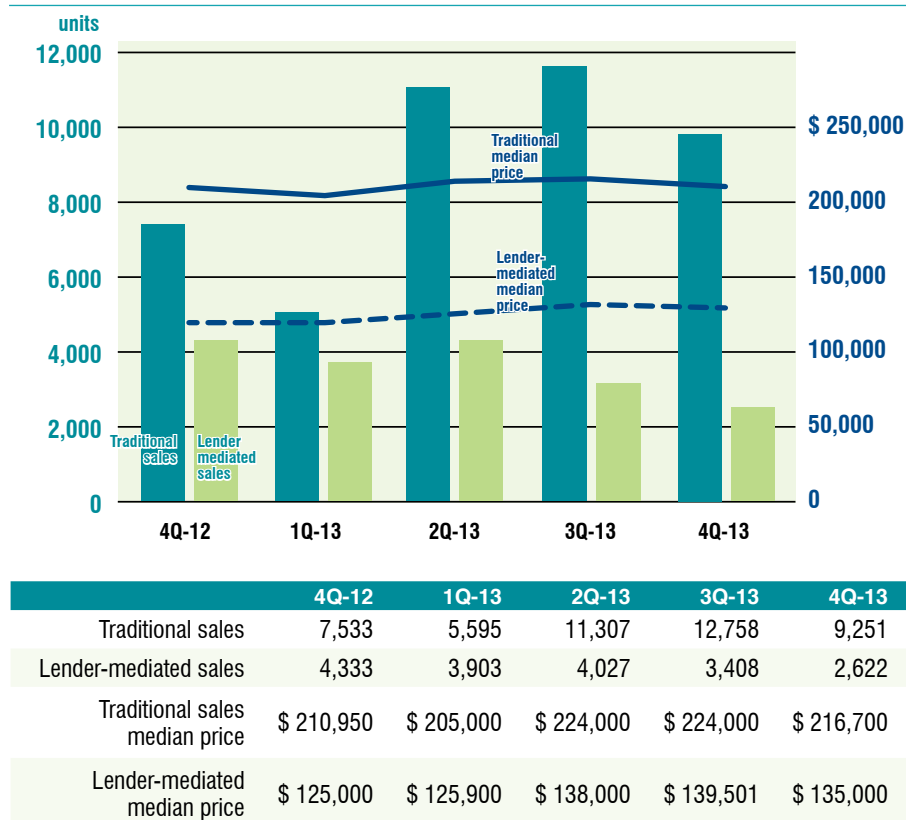


Source: Minneapolis Area Association of Realtors (MAAR)

Residential sales

In the metro area sales were down from the previous quarter by 26.6 percent. Traditional sales decreased 27.5 percent, while lender-mediated sales declined by 23.1 percent. Median sale prices fell for traditional sales by 3.3 percent, and decreased by 3.2 percent for lender-mediated sales.

Figure 19: **TRADITIONAL AND LENDER-MEDIATED CLOSED SALES AND MEDIAN SALE PRICE – Metro area***



Source: *Minneapolis Area Association of Realtors (MAAR)*

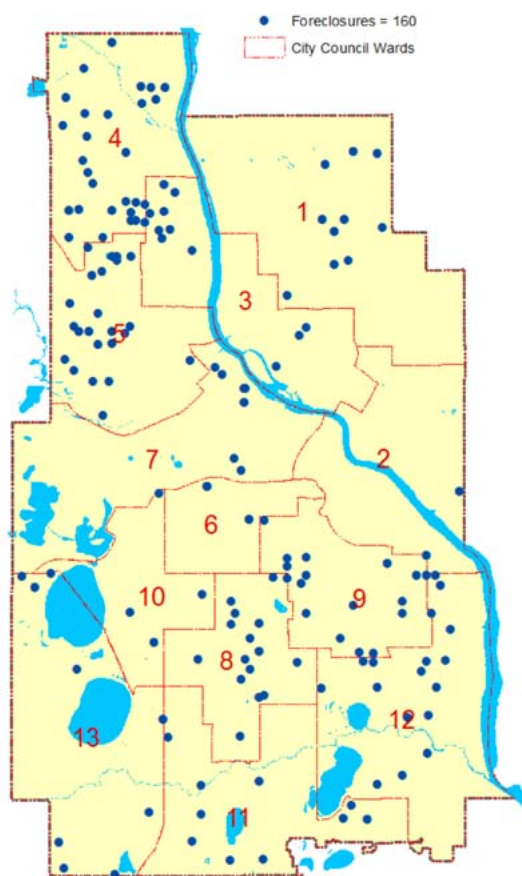
* The metro area in this chart refers to the 13 counties covering Minnesota and Wisconsin served by the Minneapolis Area Association of Realtors.

For metro area definition, see [page 41](#)

Foreclosures

This quarter 160 properties were sold at public auction, 17.9 percent fewer than the previous quarter, and 50.3 percent fewer than fourth quarter of 2012. This is the lowest count recorded since Minneapolis Trends began reporting foreclosures in 2006.

MAP 5: PROPERTIES FORECLOSED – 4Q-13
by wards



Source: Hennepin County

Data on foreclosures downloaded as of January 2013. The table and map do not take into account foreclosures recorded after the data was compiled, nor any properties later redeemed by the owner in the 6 month redemption period.

Table 8: **FORECLOSURE PROPERTIES – Minneapolis**
by ward

Ward	4Q-12		1Q-13		2Q-13		3Q-13		4Q-13	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1	31	10%	26	8%	18	8%	21	11%	10	6%
2	8	2%	7	2%	2	1%	2	1%	1	1%
3	28	9%	22	7%	12	6%	7	4%	13	8%
4	67	21%	68	22%	55	25%	50	26%	26	16%
5	33	10%	43	14%	25	12%	11	6%	23	14%
6	21	7%	16	5%	7	3%	10	5%	3	2%
7	14	4%	12	4%	6	3%	15	8%	11	7%
8	33	10%	27	9%	28	13%	14	7%	16	10%
9	23	7%	22	7%	19	9%	16	8%	17	11%
10	9	3%	10	3%	6	3%	10	5%	5	3%
11	20	6%	19	6%	14	6%	7	4%	11	7%
12	25	8%	28	9%	15	7%	25	13%	17	11%
13	10	3%	11	4%	9	4%	7	4%	7	4%
Total	322	100%	311	100%	216	100%	195	100%	160	100%

Source: Hennepin County Sheriff's Office. The data is subject to revision by the Sheriff's Office; for complete and current foreclosure listings, please see the Hennepin County Sheriff's website at <http://www4.co.hennepin.mn.us/webforeclosure/>

Foreclosures

Foreclosures continued their steady decline since peaking in 2008. This quarter represents a new low foreclosure count since before the housing crisis started.

Figure 20: **RESIDENTIAL FORECLOSURES** – Minneapolis
in units



Source: Hennepin County

Data for 2008 have been revised.

Condemned & vacant buildings

The total number of condemned, boarded and vacant buildings in the city decreased from the last quarter, and was 18.7 percent lower than at the end of fourth quarter of 2012. The number of condemned buildings dropped by 6.9 percent compared to fourth quarter last year, while the number of vacant but not condemned buildings decreased 28.8 percent. Condemned buildings have been decreasing more or less steadily since third quarter 2008. Many of the buildings have already been demolished due to an aggressive city policy to remove blighted buildings, while saving as many as possible for rehab.

Map 6: **CONDEMNED AND VACANT BUILDINGS**

Source: Minneapolis CPED

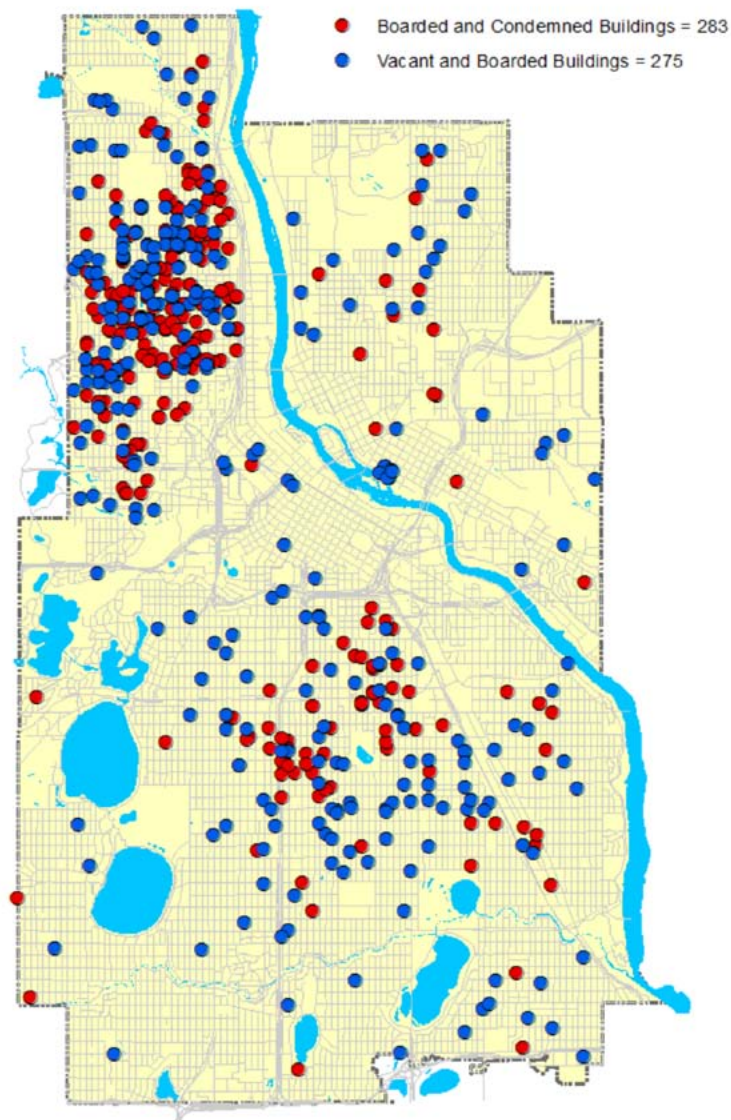


Table 10: **CONDEMNED AND VACANT BUILDINGS** – Minneapolis
as of the end of quarter

	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13
Boarded and condemned buildings	303	304	287	285	232
Vacant but not condemned	386	386	344	321	326
Total	686	686	631	606	558

Source: Minneapolis CPED

Note: About 98 percent of the buildings in the table are residential.

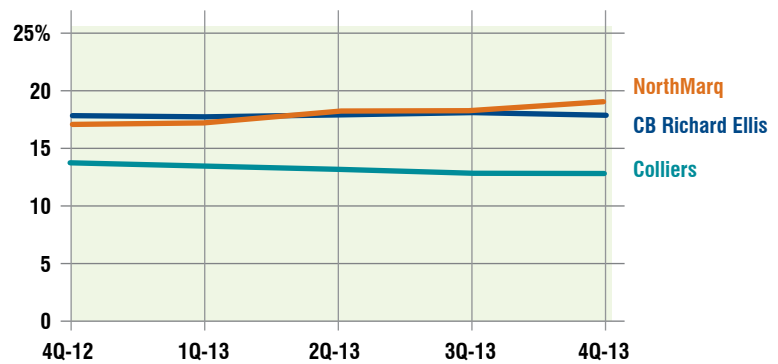
Only buildings that have been registered as vacant with the City of Minneapolis Inspections Division are included. Chapter 249 of City ordinances covers requirements for registering vacant buildings.

Office space

The office vacancy rate was between 13.9 percent and 17.4 percent according to the above real estate firms. Pressure remains highest in the Class A market; there remain large blocks of vacant space in Class B and C properties.

The reported average direct vacancy rate in the metro area ranged between 15.6 percent and 17.4 percent, according to the above real estate firms. Like the Minneapolis CBD, demand in the office real estate market in the Twin Cities was higher for Class A properties, which were already experiencing short supply.

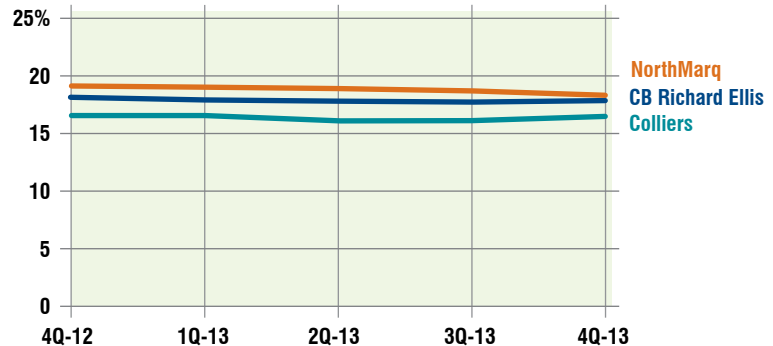
Figure 21: **OFFICE SPACE VACANCY RATE – Minneapolis CBD**
in percent



Sources: CB Richard Ellis, Colliers and NorthMarq

See explanation of sources on [page 42](#)

Figure 22: **OFFICE SPACE VACANCY RATE – Metro area**
in percent



Sources: CB Richard Ellis, Colliers and NorthMarq

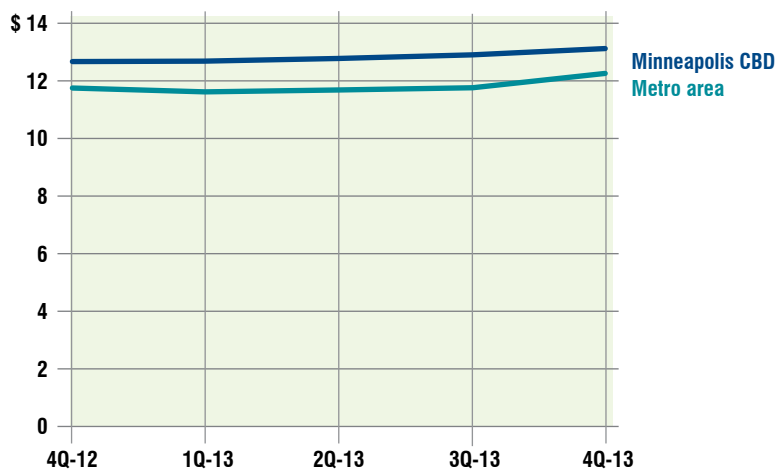
See explanation of sources on [page 42](#)

Office space

The average asking lease rate per square foot in the Minneapolis central business district (CBD) increased sharply this quarter, and was also higher than the fourth quarter of 2012. In the metro area rates were also up over both the previous quarter and the same quarter last year.

Between the third and fourth quarter in both Downtown Minneapolis and the metro area the rate of growth in occupied office space increased.

Figure 23: **OFFICE AVERAGE ASKING LEASE PRICE**
in current dollars per square foot per year

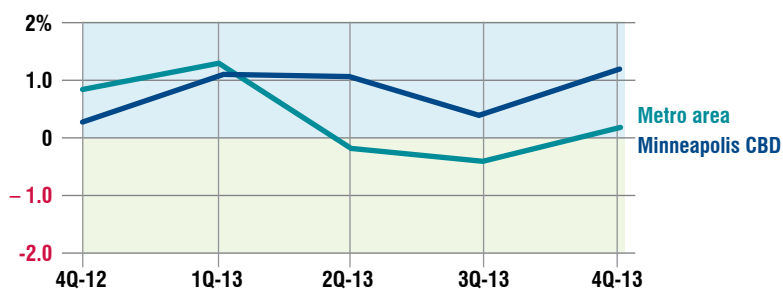


	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13
Minneapolis CBD	\$ 12.46	\$ 12.55	\$ 12.63	\$ 12.71	\$ 13.43
Metro area	\$ 11.91	\$ 11.86	\$ 11.92	\$ 11.98	\$ 12.33

Source: CB Richard Ellis

Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Figure 24: **OCCUPIED OFFICE SPACE – rate of growth**
in percent



	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13
Minneapolis CBD	-0.1%	1.1%	-1.0%	-0.5%	1.1%
Metro area	0.9%	1.3%	-0.4%	-0.5%	0.1%

Source: CB Richard Ellis

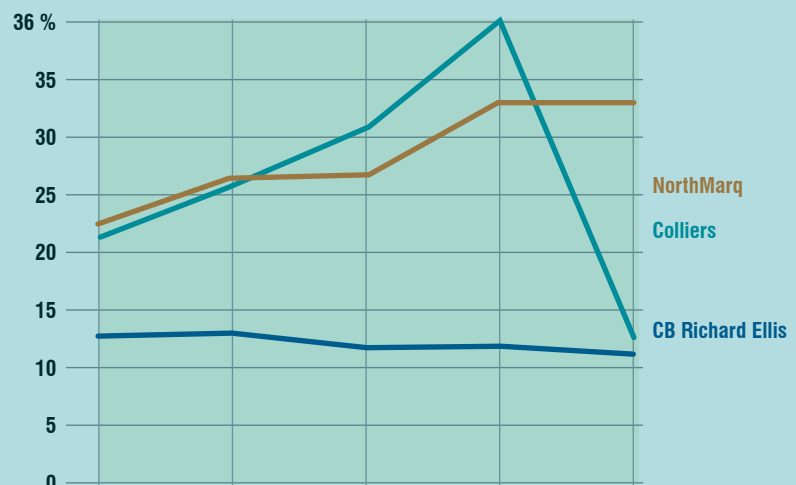
Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Retail space

The reported retail vacancy rate in the Minneapolis CBD ranged between 11.6 and 33.6 percent. Block E and Gaviidae Common were removed from the CBRE reporting in the first quarter of 2013 as the future programming of those spaces are unknown or substantially not retail focused. Colliers adjusted their reporting based on similar information for this quarter. Note that large variations in the vacancy rate result from the relatively small amount of square feet of retail in the CBD, as well as differences in how the measurements are done.

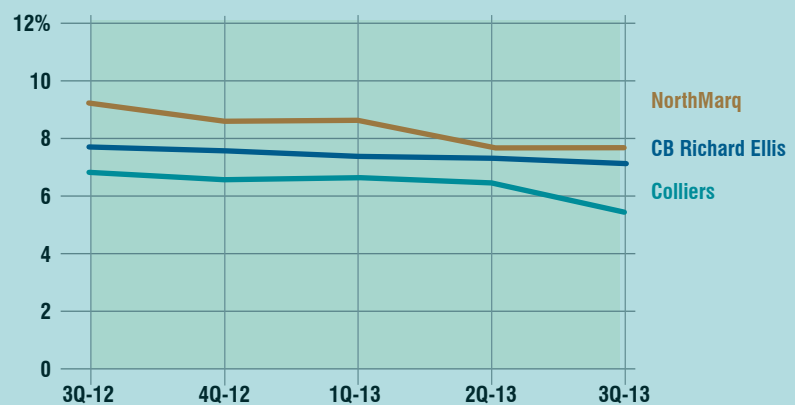
The metro area vacancy rate this quarter ranged from 5.7 percent to 7.8 percent, with

Figure 25: **RETAIL VACANCY RATE – Minneapolis CBD**
in percent



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Figure 26: **RETAIL VACANCY RATE – Metro area**
in percent



	3Q 12	4Q 12	1Q 13	2Q 13	3Q 13
CB Richard Ellis	7.8%	7.7%	7.5%	7.4%	7.3%
Colliers	6.4%	6.2%	6.4%	6.2%	5.7%
Northmarq	8.9%	8.3%	8.3%	7.8%	7.8%

Sources: CB Richard Ellis, Colliers and NorthMarq

CB Richard Ellis and Colliers include all multi-tenant retail buildings 30,000 square feet and larger, and buildings under construction.

Retail space

Average asking lease price per square foot in the Minneapolis central business district (CBD) decreased since last quarter and was steady when compared to the same quarter last year.

In the metro area, average asking lease price also decreased over the previous quarter, and fell below asking prices from the same quarter in previous year. The gap in asking prices between the Minneapolis CBD and the rest of the region increased slightly, standing at 30.5 percent at the end of the third quarter of 2013.

Occupied retail space in the Minneapolis

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Figure 27: **RETAIL AVERAGE ASKING LEASE PRICE**
in current dollars per square foot per year

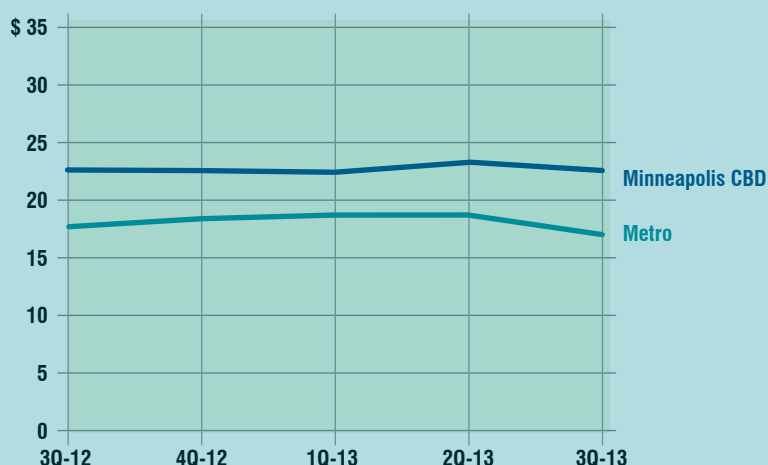
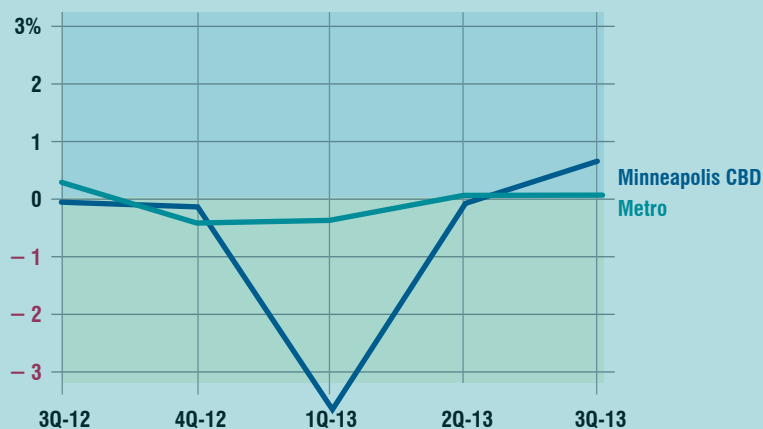


Figure 28: **OCCUPIED RETAIL SPACE – rate of growth**
in percent



	3Q-12	4Q-12	1Q-13	2Q-13	3Q-13
Minneapolis CBD	0.0%	-0.3%	-19.5%	-0.2%	0.7%
Metro area	0.3%	-0.6%	-0.5%	0.1%	0.1%

Source: CB Richard Ellis

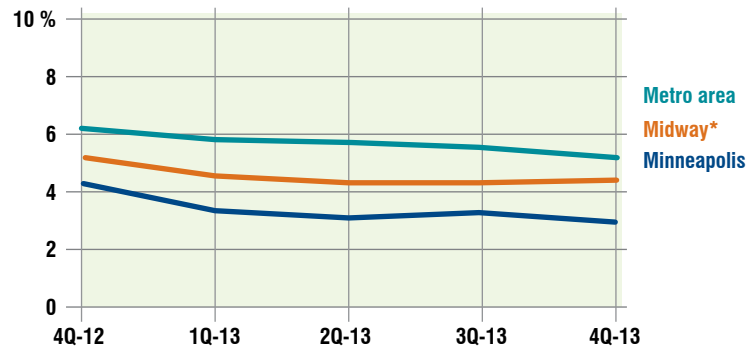
Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Industrial space

The industrial space total vacancy rate decreased over the previous quarter in both the Minneapolis and the metro area overall, while increasing in the Midway area.

The average asking lease price for industrial space increased across all geographies tracked for this report when compared to both the previous quarter and the same quarter from the previous year.

Figure 29: **INDUSTRIAL VACANCY RATE**
in percent



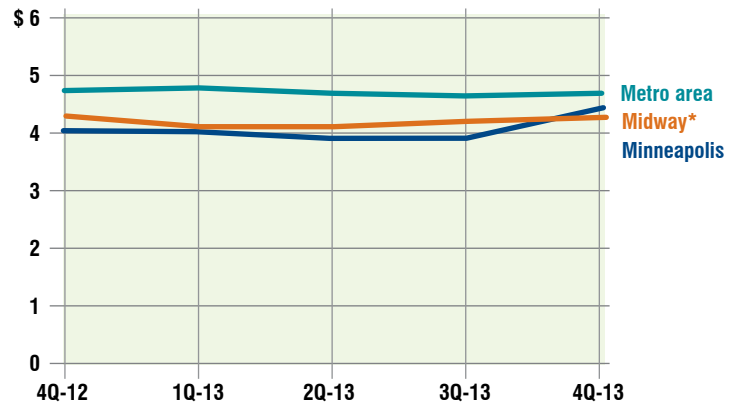
	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13
Minneapolis	4.1%	3.4%	3.2%	3.4%	3.0%
Midway*	5.3%	4.6%	4.4%	4.5%	4.6%
Metro area	6.2%	5.9%	5.8%	5.6%	5.2%

Source: CB Richard Ellis

Includes industrial buildings 100,000 square feet and larger, including buildings under construction. Market consists of bulk warehouses, office warehouses, office showrooms, and manufacturing and specialty buildings.

*Midway industrial area includes parts of Northeast Minneapolis and Saint Paul.

Figure 30: **INDUSTRIAL AVERAGE ASKING LEASE RATE**
in dollars per square foot per year



	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13
Minneapolis	\$ 4.02	\$ 4.00	\$ 3.95	\$ 3.95	\$ 4.31
Midway*	\$ 4.09	\$ 4.05	\$ 4.05	\$ 4.13	\$ 4.17
Metro area	\$ 4.65	\$ 4.72	\$ 4.57	\$ 4.55	\$ 4.73

Source: CB Richard Ellis

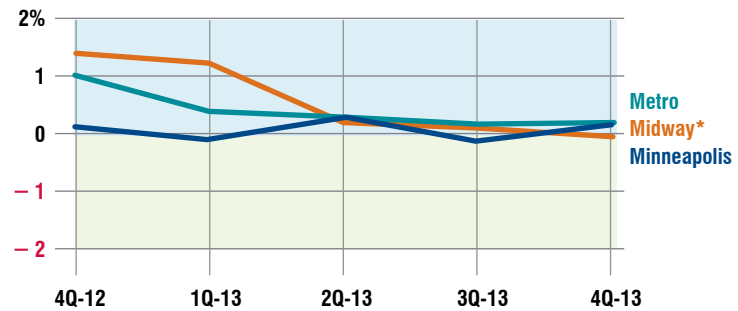
Note: For Midway and Minneapolis, the industrial average asking lease rate is only for warehousing. Includes industrial buildings 100,000 square feet and larger, including buildings under construction.

*Midway includes industrial areas of northeast Minneapolis and Saint Paul.

Industrial space

Industrial absorption rates increased in Minneapolis and the metro area overall, while declining slightly in the Midway area.

Figure 31: **OCCUPIED INDUSTRIAL SPACE** – rate of growth in percent



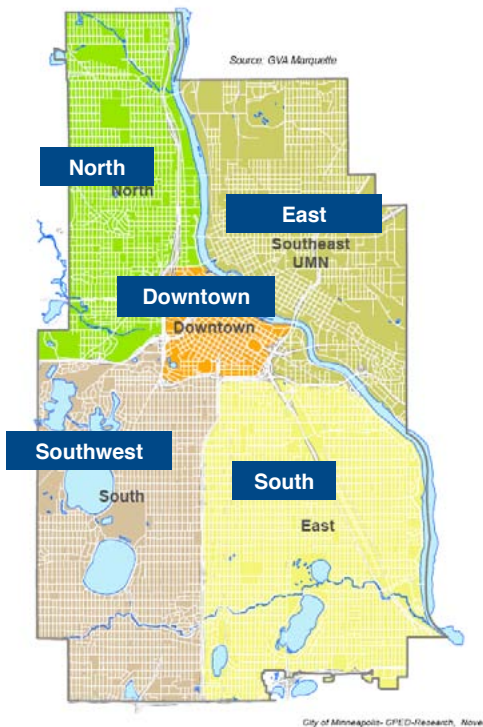
	4Q-12	1Q-13	2Q-13	3Q-13	4Q-13
Minneapolis	0.2%	-0.1%	0.3%	-0.2%	0.4%
Midway*	1.6%	1.3%	0.2%	0.1%	-0.1%
Metro area	1.0%	0.4%	0.2%	0.3%	0.4%

Source: CB Richard Ellis

Includes all competitive industrial buildings 100,000 square feet and larger, including buildings under construction. Market consists of bulk warehouses, office warehouses, office showrooms, and manufacturing and specialty buildings.

*Midway includes industrial areas of northeast Minneapolis and Saint Paul.

Definitions & sources



- **Housing Vacancy Rate:** The vacancy rate is the percentage of unoccupied housing units among the total number of housing units. Vacancy rates for the multifamily rental market are calculated quarterly by GVA Marquette Advisors based on a quarterly survey of properties in the Twin Cities metropolitan area.
- **City areas:** For data analysis purposes, GVA Marquette Advisors divides the city into five sub-areas, according to the map below.
Note that we changed the Minneapolis sector names to reflect changes that GVA Marquette made at the City's request. South is now South-west; East is South, and NE, SE and UMN is East. North remains North.
- **Median sale values:** These values are based on home prices researched by the Minneapolis Area Association of Realtors (MAAR).
- **Closed home sales:** These values are based on home sales reported by the Minneapolis Area Association of Realtors (MAAR). Closed sales mean that there is an agreement to sell and steps have been taken toward that end. MAAR makes a difference between **traditional sales** and **lender-mediated sales**. The first type includes all sales that are neither foreclosures nor short sales. These two define the lender-mediated sales.
- **Metro area definition:** The Minneapolis Area Association of Realtors service area includes 12 counties in Minnesota (Chisago, Anoka, Sherburne, Wright, Hennepin, Ramsey, Washington, Dakota, Scott, Carver, Rice and Goodhue) and one county in Wisconsin (St. Croix).
- **Foreclosure sales:** These sales occur when property owners are deprived of the right to keep their properties because of failure to make payments on a mortgage or other contractual property fees, such as condominium association fees, when due. Data on foreclosure sales are reported by the Hennepin County Sheriff to Hennepin County Taxpayer Services Department and later sent to City of Minneapolis CPED Research Division. Hennepin County's methodology is to count all foreclosure Sheriff's sales categories (mortgage, assessments, associations, executions and judgments). Data include only foreclosed properties in the City of Minneapolis that were sold at public option in the specified time period.
- **Boarded and vacant buildings:** A vacant property is a property identified as such by City of Minneapolis inspectors; City Ordinance 249 requires the property's owner to register it as vacant. In addition to being vacant, the property could be condemned as uninhabitable either for being boarded more than 60 days or because of lack of maintenance. Data on boarded and vacant buildings are obtained from the City Department of Regulatory Services.

Real estate statistics as reported by CB Richard Ellis () include office, retail and industrial space vacancy rates, average asking lease price per square foot and absorption of square feet for the Twin Cities metropolitan area, Minneapolis and Midway (industrial space) or Minneapolis central business district (office and retail space). The metro area includes several submarkets and may not coincide with definitions based on jurisdictional boundaries. This quarter Minneapolis Trends also shows office and retail vacancy rates reported by Colliers (), and Cushman & Wakefield-NorthMarq ()

- **Average asking lease rate:** This is determined by multiplying the asking net lease rate for each building by its available space, adding the products, then dividing by the sum of all available space.
- **Average vacancy rate:** This is determined by dividing the number of vacant square feet by the net rentable area.
- **Rate of growth and absorption:** This is the change in occupied square feet from one quarter to the next, determined by subtracting vacant space (not including sublets and shadow space) from the rentable space available.

Variations in reporting are due to differences in definitions and in the number, frequency, and geographical location of buildings included in the surveys. Variations in retail vacancy rates are more evident than in the case of office vacancy but also — and particularly in the case of the Minneapolis CBD — the relatively small amount of retail space compared to the overall metro inventory.

Inflation-adjusted figures: For the purpose of analyzing residential rent, text is based on values converted to constant (*inflation-adjusted*) dollars based on the U.S. Bureau of Labor Statistics' Consumer Price Index (CPI) for housing in the Midwest urban areas category size “class A” (more than 1.5 million people).



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